

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 59- 8

February 26, 1959

SMALL CIGARS WRAPPED IN "RECONSTITUTED TOBACCO," ETC.

Manufacturers of cigars
and cigarettes:

Purpose. The purpose of this industry circular is to set forth information concerning rolls of tobacco wrapped in material such as is variously referred to by the industry as "reconstituted tobacco," "homogenized leaf tobacco," "tobacco sheet," etc., some of which products are being taxpaid at the rate applicable to small cigars.

Background. On the basis of our examination and analysis of samples of such "reconstituted tobacco," etc., as have been submitted to this office as contemplated by Industry Circular No. 59-4, we have made individual determinations that rolls of tobacco wrapped in material represented by certain samples submitted may be taxpaid at the rate applicable to small cigars (weighing not more than three pounds per thousand), provided that such product must be prominently labeled, on the front of the package, as cigars and marketed as such product. Examination of some of these products which are wrapped with "reconstituted tobacco," etc., discloses that they are being made and distributed so as to simulate cigarettes. Evidence of such simulation consists of some or all of the following: use of cigarette-type wrapper, use of cigarette-type filler, use of cigarette-type filters, use of cigarette-type packages, and absence of or inconspicuous reference to the product as "cigars" in labeling and advertising.

Tax Status. Manufacturers of cigars and cigarettes are advised that this Service is taking steps to reconsider the tax status of such products for the purpose of determining whether they should be taxed as cigarettes.

Inquiries. Inquiries in regard to this industry circular should refer to its number and be addressed to the Director, Alcohol and Tobacco Tax Division, Washington 25, D. C., Attention: Tobacco Tax Branch.


Dwight E. Avis,
Director, Alcohol and Tobacco Tax Division.